



MARKETING STRATEGY FOR A SOFTWARE COMPANY

Focus on Creating Visibility for Services

Anna-Mari Jäppinen

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ABSTRACT

Tampereen ammattikorkeakoulu
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Anna-Mari Jäppinen

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The main objective of this thesis was to make an efficient yet inexpensive marketing strategy for a growing software company to compete with their services in the Finnish business-to-business market. The purpose was to attract visibility to and subsequently improve the sales of the company's customer-based solutions and system maintenance services. Furthermore, the company wanted to establish their name as a reliable go-to company in the market of the aforementioned services.

The need for this thesis arose from the fact that even though Company X had a strong customer base, it was mostly through its own initiative and active sales that they had gotten business so they really needed to bring their name out more.

Applicable literature and web sources such as articles were used in writing the theoretical part of this thesis. The customers of Company X were interviewed in a survey that contained both qualitative and quantitative questions. The founders of the company were also interviewed.

The result was a marketing plan and strategy that is easy to implement and monitor and that is based on improving customer service, web presence, and marketing communications.

As a conclusion it can be said that the field at which the case company competes is challenging in terms of differentiation and marketing. In this situation it is usually best to find out what matters the most to customers and make that the basis of operations.

This thesis contains information that is confidential.

Keywords: marketing plan, marketing strategy, software, visibility

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1 INTRODUCTION

1.1 Purpose and objective of thesis

The purpose of this thesis is to create a marketing strategy for the customer-based software solutions and systems maintenance services of the case company, Company X. This will be executed via utilizing applicable literature and other sources, and empirical research in the form of a customer survey and employee interviews.

The objective is to find ways to market the two aforementioned services so that it would bring visibility the company as a reliable and skilled provider of such solutions and services and subsequently improve their sales.

CONFIDENTIAL MATERIAL

1.2 Definition of marketing

The American Marketing Association Board of Directors-approved definition of marketing goes: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (AMA 2013.)

Kotler and Keller define marketing in a more simple way as “meeting needs profitably” (2006, 5). In short, marketing is all about identifying customer needs and letting the customers know you have an answer for those needs.

1.3 Business-to-business marketing

Business-to-business marketing differs from consumer marketing in several ways and it should be noted when designing a marketing plan that is targeted towards business buyers. It could be argued that in both cases the buyers are human, so the approaches cannot be that much different but while a consumer is buying for themselves, a business buyer is buying for a company and the purchase is often supposed to help increase profits.

Kotler et al. write about distinctive characteristics in business markets. Business-to-business markets usually contain fewer buyers but the buyers are larger, business buyer demand is derived from end user demand, the demand in business markets is not affected by price changes as much as the demand in consumer markets and the demand in business markets are bound to fluctuate more than the demand in consumer markets. (Kotler et al. 2008, 291.)

1.4 Services marketing

For the purposes of this thesis both the marketing of goods and services are covered as are examining the definitions of both to be able to provide information that best suits the business of the contractor of this thesis.

According to Kotler and Keller (2006, 402) a service is “any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything.”

In the software industry, the line between a service and a good can be fluid. On one hand designing a software solution is purely a service because the software itself isn’t tangible in a way that tangible goods are often defined.

Tangible good can be defined as “A physical item that can be perceived by the sense of touch (Businessdictionary.com 2014).” which further solidifies the thought that software isn’t exactly a good and therefore can’t be marketed using many of the methods that are used in marketing for example computers or mobile phones. On the other hand providing a customer with software that is customized to their specific needs and that is

used only by the customer puts software into the category of goods. There is product that results in the ownership of that product by the customer even though the only tangible part of the product may be a CD and printed instructions. Technical support and maintenance of software and other IT solutions are clearly services and can be marketed using the methods of service marketing.

2 METHODOLOGY

The thesis was done as a commissioned research by Company X. Research methods used were desk study and empirical research.

The theoretical frame for the thesis was gathered mainly from literature and web resources. Main focus was on marketing planning and strategic planning as well as field-specific and company-specific information such as services marketing and the software industry.

Empirical research was conducted in the form of a customer survey as well as interviews and e-mail correspondence with the founders of the case company. The customer survey was written and conducted using both quantitative and qualitative methods. The purpose of the survey was to map out the current visibility of Company X, to get information regarding the marketing methods of Company X's competitors, as well as ask the customers their views about the quality of customer service and how Company X could improve its services.

In qualitative research data is collected, then analyzed and interpreted by focusing on what the respondents do or say. Open questions are used and statements and observations are free form. (Burns & Bush 2014, 146.) The qualitative method was used in establishing the participants and tasks in the company's IT buying process, in finding out the opinions of the respondents regarding Company X as a company as well as its visibility, and in mapping out the visibility and experiences regarding Company X's competitors.

In quantitative research the questions are structured with preset response options. It is a formalized procedure of collecting data with a specific, known purpose and the pool of respondents is often large. The compilation and formatting of gathered data follows an orderly procedure. (Burns & Bush 2014, 146.) The quantitative method was used in finding out how the respondents rated certain aspects of Company X, what methods the competing firms used in their marketing, and in some general information and background questions.

Both types of questions were analyzed using a mixed or pluralistic method. The results from quantitative questions were analyzed as is while results to some of the qualitative questions were translated into quantitative answers “positive”, “neutral”, and “negative” and analyzed as quantitative. The results to the rest of the qualitative questions were used to give more detailed, customer-based feedback to the company and utilized in the marketing plan.

The survey was presented to six customers with options of phone interview, paper survey, or e-mail survey. One chose the phone survey and all others chose to fill out the e-mail survey. The participants to the survey were chosen by the founders of the company. The sample was a convenience sample as the participants were chosen at the convenience of the founders from a pool of existing Company X customers. Moreover, the place, or in this case the pool of potential participants, as well as the actual participants were both subjective. (Burns & Bush 2014, 254.) There was no other criterion besides all participants being customers of Company X.

The employee interviews were executed using the qualitative method of open questions administered both face-to-face at the Company X headquarters and via e-mail. Qualitative research was chosen because the purpose of the interview was to get as much background information as possible and because there was no need to analyze the answers.

All interviewees had been with the company since the beginning and were responsible for the major decisions the company makes and therefore the best source of information on intra-company issues. The information gathered was utilized as is in various parts of the thesis from guidance in choosing the appropriate frame of references for the theoretical part to making customer and competitive analyses.

Finally, suggestions based on the theoretical and empiric research were presented in the form of a marketing plan and strategy. Suggestions were as professional as possible and intended to be ready to use as is.

2.1 Structure of thesis

This thesis comprises six chapters. The first chapter details the purpose and objective of the thesis as well as introduces certain concepts of marketing that need to be taken into account when researching this particular case.

The second chapter focuses on the methodology of the thesis as well as its structure and scope. The third chapter introduces concepts that form the basis for a company's image and value proposition and therefore affect the results of the marketing plan and strategy.

The fourth chapter details the steps in creating a marketing plan with comprehensive looks into the necessary marketing tools. The fifth chapter is the marketing plan for Company X with internal, external, customer, and competitor analyses. The sixth and final chapter comprises the suggestions for a marketing strategy for the company.

2.2 Scope of thesis

The main focus of this thesis will be on finding the appropriate framework on which to base the eventual suggestions for a marketing strategy. Both customer and competition analysis will be used to assess what the company excels in and what can be improved on in terms of marketing. The theoretical framework will be limited to business-to-business marketing with some appropriate parts from consumer marketing.

This thesis will not deal with financial issues such as calculating the market share as this was not requested and does not serve the purpose of the thesis. Pricing of products or services will not be touched nor will metrics and control of the marketing plan.

3 CONCEPTS OF MARKETING

The focus of this chapter are the concepts that help companies form a solid base to guide their strategies and marketing efforts, as well as build effective marketing strategies. Before a company can successfully market itself and its offerings, it needs to define its business, its mission and vision.

3.1 Defining a business

Defining a business is not as straightforward as it seems yet it is an important part of marketing. It helps in creating a mission statement, carving out a brand and expanding the business further.

Companies often define their business by way of the products or services they sell. However, a better way to define a business is to focus on satisfying customers instead of focusing on the product since customer needs are enduring while the means to satisfy those needs evolve. (Kotler & Keller 2006, 47.)

Kotler and Keller suggest three ways of defining business. First are the customer groups to whom the company sells their products or services. Second are the needs of the customers. The third is technology. (Kotler & Keller 2006, 47.)

Some companies trade solely with other companies, some do business with consumers and companies and yet others concentrate their efforts on consumers only. Within these customer groups there can be several sub-groups. Customer needs can be very limited or cover various products and services. For a company that manufactures aluminum pistons for car engines, the customer need is car engine parts, or even just car parts. Their technology is aluminum pistons. (Kotler & Keller 2006, 47.)

Kotler and Keller (2006, 47.) stress the importance of defining strategic business units when a company deals in several different businesses. A strategic business unit is a single business unit or a group of related businesses that function and are planned separately from the rest of the company, have their own competitors, and have their own manager controls strategic planning, performance as well as profit-affecting factors.

3.2 Mission statement

Mission statement defines the purpose of the company (Kotler et al 2008, 130). There are varying opinions as to what makes a good mission statement or does a company even need one. Some basic considerations when formulating or updating a mission statement are listed below.

At the least the mission statement should state what business the company is in. Market definitions work better than product or technology definitions as the former two are likely to become outdated at some point while a definition based on satisfying customer needs will last longer. The mission statement should also define the customers of a company in some way. (Kotler et al. 2008, 131.) This part can be difficult as it should be inclusive for potential customers without being so broad that it includes areas of business where the company does not operate.

A company needs to know the reason for their existence (Kotler et al. 2008, 132). This seems easy but again, being too broad with the definition might not differentiate a company among hundreds of others and being too narrow might exclude potential customers. Finally, including a brief description about the sort of business a company runs is good. (Kotler et al. 2008, 132). A differentiator company aims to invent and create unique products while a focused company targets a very specific group of customers (Kotler et al. 2008, 133).

3.3 Vision statement

Vision statement is a kind of a long-term dream of the company. According to Kotler et al (2008, 134) the company's vision should guide the mission statement and provide a long-term goal for the company.

A thoroughly thought-out vision can help guide strategic decisions (Arline & Hom, 2014). Vision statements can outline key objectives for the company and thus help the company in developing business strategies to achieve the goals.

4 CREATING A MARKETING PLAN

A marketing plan often follows a set structure to include all the necessary details. The plan takes into account every aspect of the marketing effort to produce a successful campaign as free of problems as possible.

4.1 Structure and contents of a marketing plan

The results of a marketing plan should explain how the company is going to provide value to its customers, build relationships, and make a difference to its stakeholders. (Burk Wood 2014, 4.)

In her book Burk Wood (2014, 5) includes a graphic that simplifies the process of putting together a marketing plan. A company may not need to go through all the stages, especially if the plan focuses on just certain products or services or if there is enough information already for example about the current situation.

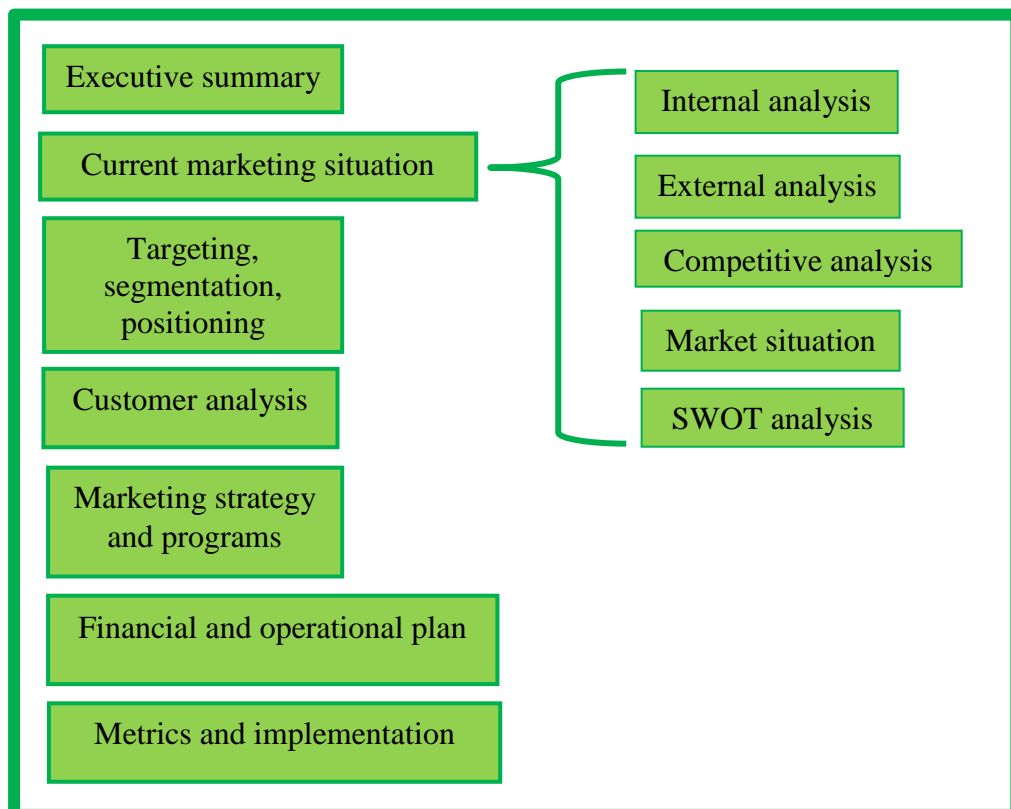


FIGURE 1: Contents of marketing plan (Adapted from Burk-Wood 2014, 7).

The contents are presented in detail below. For the purposes of this thesis financial and operational plan as well as implementation and metrics are left off.

A marketing plan starts with an executive summary, which is a brief look into the highlights of the plan and its objectives that form a link to the company's strategies and goals. It is usually made last but added as the top item in the plan. (Burk Wood 2014, 7.)

4.2 The internal environment

Internal environment focuses on the company and its partnerships. It takes stock of the current situation of the company, its mission and values, resources, and core competences. (Burk Wood 2014, 27.) Important factors to consider are briefly presented below.

Employees need to have the skills and knowledge to carry out the plan and managers need to have initiative to guide their teams and support the mission. The company needs to have sufficient capital to execute the plan as well as enough data to back up decisions and understand customer needs. Finally, there needs to be enough supply, or the knowledge that additional supply can be acquired. (Burk Wood 2014, 31.)

The marketed products need to fulfil customer needs and bring value to all targeted segments. Emerging trends and technology needs to be assessed to ensure that a product or service is not going to go redundant. Separate plans need to be made for products that are marketed independently or as add-ons. (Burk Wood 2014, 32.)

Assessment of previous marketing efforts is needed to know which products, communication methods, and channels have performed better than others as past product performance can affect the current marketing plan and its objectives. (Burk Wood 2014, 33.)

Suppliers need to be committed and able to answer to growing demand. Partnerships need to be stable and a company should not rely on just one supplier. Looking into new

emerging suppliers is suggested to see if they provide better service or expertise. (Burk Wood 2014, 33.)

The most important factors in fulfilling the objectives of the plan need to be assessed and focus decided on. Schedule and activities should be prioritized accordingly. Emerging trends should be taken into account as well. To find focus the company needs to know its core competences and keys to success. (Burk Wood 2014, 34.)

4.3 External environment

Analyzing the external environment or the macro environment includes the assessment of outside influences that might affect the company and its marketing efforts. Some companies are more affected by changes in the external environment than others. Domestically trading companies may not be directly in touch with certain political or cultural changes that can greatly affect the operations of internationally trading businesses. The SWOT and PEST analyses are often used to map out potential threats.

4.3.1 SWOT analysis

SWOT stands for “strengths, weaknesses, opportunities and threats” (Kotler et al. 2008, 134). Out of the components, opportunities and threats are external and relate to the wider business environment while strengths and weaknesses relate to the internal situation of the company.

Opportunities and threats are listed to make managers anticipate important developments that can potentially impact the company. Not all threats are of equal importance and the managers should assess the probability of each threat and act accordingly. Opportunities occur when environmental trends and changes are in line with a company’s offerings or plans. Likewise, each opportunity should be assessed based on the probability of success and the expected returns. (Kotler et al. 2008, 135.)

Examples of opportunities are a favorable economic climate, demographic changes that increase sales of a certain product or service, a new market that will fit in with a compa-

ny's current or developing products and new technologies that will improve the manufacturing of a product or increase the sales of a current product. (Kotler et al. 2008, 135.)

Examples of threats are major competitive activity, demographic changes that will decrease the sales of a company's products or services, and politics that for example introduce new legislation that complicates the manufacturing of a product or sets heavier standards. (Kotler et al. 2008, 135-136.)

Strengths and weaknesses should be the ones that relate to critical success factors of the company. A long list may indicate a lack of focus and the inability to see what is important. Strengths and weaknesses are also relative to other factors, not an absolute. A company can very well be good at something but if the competitor is better, the strength becomes a weakness. Moreover, strengths and weaknesses should always be based on facts. (Kotler et al. 2008, 138.)

4.3.2 PEST analysis

PEST analysis maps out the political-legal, economic, social and technological factors and potential risks that need to be taken into account (Drummond, Ensor & Ashford 2008, 24).

Political-legal trends can include, for example, changes in legislation to business or marketing practices, or new regulations in taxation and competition. Even if a company is operating domestically and its suppliers are domestic, it still needs to stay in touch with potential changes in its country's legislation and policies as violations are often costly not just in money but also time and reputation. (Burk Wood 2014, 34.)

Economic trends affect both consumer and business buying trends all over the world. Assessing local, regional, national, and international trends according to how they affect the company itself, its competitors, customers, partners, products, and different geographical markets is therefore important. (Burk Wood 2014, 36.)

Social factors include changes in the demographic, attitudes and values, and work-related behavior (Drummond et al 2008, 24). Social factors affect business-to-business companies differently than business-to-consumer companies as consumer buying patterns do not come into play when marketing to businesses. Things such as being able to recruit employees however are social factors that all companies need to assess.

Technological factors include technological developments and trends, lifecycles of technologies and technology affecting distribution to name a few. A company needs to take into account not only the technologies it uses to produce goods or services but technologies that affect its supply and distribution. Lifecycle of current technology and the role of the internet also belong to this category. (Arline & Brooks, 2014.)

4.4 Segmentation

Segmentation means identifying differing customer needs, sorting potential customers into separate groups according to their needs and choosing which groups can be feasibly targeted. Company that identifies the customer segments they can best serve, or the segments they want to serve, have valuable information to use in improving designs, adjusting pricing and generally fine-tuning the final product or service according to the needs of their targeted segments. With specific segments, it can be easier to identify the competition and compare and adjust accordingly the company's marketing efforts to maximize their efficiency. (Kotler & Keller 2006, 240.)

Segmentation in business markets works slightly differently from consumer markets even though some of the same variables, such as geographic groups and demographic groups are in use. In demographic segmenting a company's size or industry can work as variables. Loyal customers or customers who buy often and use several products or services can be segmented separately from customers who are one-time buyers. Certain customers need more services than others and can be segmented separately. The purchasing approaches of business customers, from how many people take part in the process to the criteria they use are another factor. (Kotler et al 2008, 418.)

4.5 Target marketing

Target marketing is choosing the segments a company wants to focus on. A target market is a group of buyers a company chooses to serve who have same common needs and characteristics. Factors such as segment size and attractiveness are relevant here. The company's size affects target marketing too: A smaller company might not be able to successfully serve a segment made out of large multinational companies. (Kotler et al 2008, 423-424.)

A company needs to decide whether it wants to pursue a segment that already has a lot of strong competitors from its own field as even though they might get sales the prices and profits could be affected by substitutes offered by competitors. (Kotler et al. 2008, 424).

Differentiated marketing means that a company chooses to approach and serve different target markets with different marketing material and offerings (Kotler et al. 2008, 426). Companies selling tailored or customer-based products are essentially always differentiating their offers so the cost factor of developing different types of products might not be as big an issue as differentiating marketing materials.

Concentrated, or niche marketing, means that a company focuses on specific small share of a larger market (Kotler et al. 2008, 427). This is a good targeting method for companies with limited resources. Heavily concentrated marketing provides more detailed knowledge about the target market and subsequently better suited offerings.

4.6 Positioning

Positioning means designing the image and the product or service of a company so that it forms a distinctive picture in the minds of the buyers it is targeted to (Kotler & Keller 2006, 310). Positioning essentially aims to establish and then control the image of a company or a product and creates what is referred to as a customer-focused value proposition, in other words a compelling reason why the consumers the offering is targeted to should buy it (Dibb & Simkin 2008, 17).

Marketing research helps to unveil the current positioning of a company in the minds of its customers or potential customers as well as the positioning of the company's competitors. The marketer then needs to decide what parts of the customers' current images are the most usable ones and convey a clear competitive advantage. (Burk Wood 2104, 76.) The complete positioning of a company or a product is called value proposition and is the total mix of benefits that is communicated to the customer (Kotler et al 2008, 441).

4.7 Differentiation

Differentiation is making a product or service sufficiently distinct from those of the competitors. It is also an important part of branding; a product or service needs to stand out in some way, whether it is through quality, distinctive features or the way it is designed to be branded successfully. Some common differentiation methods are listed below.

1. Conformance quality: The degree to which all the same products or services are of identical quality and conform to their specifications.
2. Durability: Measure of a product's operating life under specified conditions.
3. Reliability: The product will not fail or malfunction within a certain time period.
4. Ease of ordering: How fast and how easily a customer can place an order for a certain product.
5. Delivery: The speed, accuracy and care of the delivery process and how it is handled by the company.
6. Installation: The work done to make the product ready to operate. (Kotler & Keller 2006, 376-379.)

A quick internet search brings up many articles, columns, and blog posts talking about the difficulties in differentiation among business-to-business companies. Davidoff (2014) writes that concentrating on forced differentiation can decrease the amount of sales leads for a business-to-business company. Differentiation should happen as a result of business instead of being the driver for business as products or services are not bought because they are different but because they are relevant or fulfil a need. Davidoff also mentions that in his experience small and medium business-to-business

companies that focus on solving the customer's problems always do well. (Davidoff, 2014.)

Competitive advantage is the group of differentiation factors the company chooses to base its marketing on. A unique selling proposition usually focuses on just one attribute of a product or a service and positions it as the best in the market. This may cause problems if a competitor also positions one of its products or services as best in the market. In choosing the amount of differentiating factors it is important to remember that not all differences are meaningful. (Kotler et al. 2008, 440-441.)

4.8 Marketing strategies and programs

This part of the marketing plan is a summary of the detailed strategies which are used to achieve the objectives, and also details the programs and activities that support the marketing effort.

The marketing mix approach is a commonly used tool in planning marketing strategies. Due to its broadness it is presented in a sub-chapter of its own below.

4.9 Marketing mix

Marketing mix is a popular concept in modern marketing. The term commonly refers to the so-called four P's of marketing: product, price, place, and promotion. To include service industries, three additional P's have been coined: packaging, or physical evidence; people; and processes.

4.9.1 Product

A product can be anything that is offered to the market that gets attention, that can be acquired, and that can be used or consumed. The aim of a product is to satisfy a want or a need. In addition to tangible, physical products such as computers or cars, a product can be a service, an idea, a place, or even people. (Kotler et al. 2008, 49.) The main fo-

cus behind product should always be customer needs and wants as this is what drives sales.

There are several factors when it comes to evaluating a product. Kotler et al. list some of them as being variety, quality, design, features, or a brand name. All factors should be evaluated on the basis of how beneficial or desirable the product is to the customer. Products should also be compared to those of the competitors. A competitor might have technology that meets the needs of a larger group of customers or a brand that speaks to the customers in a way that builds trust. (Kotler et al. 2008, 49.)

Products have life cycles that need to be taken into account when evaluating. Curtis describes the typical product life cycle as the introduction stage, the growth stage, the maturity stage, and the decline. A product may only ever reach the introduction stage before its life cycle is cut short due to a number of reasons. This is called the limited life cycle. A product that continues at the maturity stage without reaching decline is in an extended life cycle. A product may be on its way to decline when its demand suddenly peaks again. This is called rejuvenation. (Curtis 2008, 123.)

Certain businesses and industries are more vulnerable to the changes in product life cycles. The technology industry and within it the software industry are two of these due to the continuous change and development that is at the core of the industries. Everything from programming languages to distribution methods develop and progress and it is important for an IT company to not only follow but keep up with the trends of the industry in order to avoid having its offerings become obsolete.

4.9.2 Price

Price simply refers to the amount of money charged for a product or a service. According to Kotler et al. the price factor also includes things like discounts, payment periods, and credit terms (Kotler et al. 2008, 49). While being one of the biggest problems for companies, price is the only element in the marketing mix that produces revenues while others represent costs. Price is also one of the more flexible elements in the mix as it can be changed quickly. (Kotler et al. 2008, 639.)

Setting a price for a product or a service becomes easier as well as more difficult when dealing with customers who are also educated in the products they are buying. This is often the case with business-to-business companies where buyers need to conduct more research into vendors and their products and are not spending their own money. A business buyer can be very knowledgeable about the pricing system of their industry but also most likely understands the factors that make up the price.

Brian Tracy writes in the Entrepreneur online magazine that companies also need to periodically assess the profitability of their products and services. A product may have customers but the profitability can still be low compared to other costs such as manufacturing or distribution, or the amount of work hours spent on the product. A hike in price may cost the company customers but also bring in new ones as price also reflects on the product's image. (Tracy, 2004.)

Kotler et al. write about the factors that need to be considered when assessing pricing. Customer perceptions of any product or service generally set the upper limit of pricing while costs that the product or service causes to the company set the lower limit. Internal factors such as the company's overall strategy and objectives should be considered when assessing prices, as well as external factors such as the nature of the market in which the company operates. (Kotler et al. 2008, 647.)

4.9.3 Place

Place refers to all the channels and related activities that companies use to get the product out to the target customers. Place deals with logistical issues, where the product will be sold at, and if salespeople are needed. (Johnson, 2014.) Place also refers to displaying a product (CIM, 2009). In the context of displaying a product place can mean anything from a brick-and-mortar store to the internet.

4.9.4 Promotion

Kotler et al. define promotion, or marketing communication, as being all activities that in some way communicate the product and its qualities and benefits to the target cus-

tomers and persuade them to buy the product. These include all types of advertising, sales promotions, personal selling, and public relations, among others. (Kotler et al. 2008, 50, 691.)

Integrated marketing communications

Integrated marketing communications (IMC) is the integration of all of a company's marketing communications channels so that they all give out a consistent, clear message about the company and its offerings without any leaks of inconsistent information. (Kotler et al. 2008, 697.) Fewer channels require much less control and in small and medium sized companies it may come down to integrating employees who deal with customers, both potential and existing, to present a consistent image.

Advertising

There are several forms of advertising but the term usually refers to any paid form of non-personal presentation, meaning that it does not happen in direct communication with a customer, and promotion of ideas, goods, or services where the sponsor is identified. (Kotler et al. 2008, 692.) Although it takes many forms advertising is commonly at the expensive end of promotion.

The pros of advertising are that it can reach masses of consumers; usually gives a positive image about the success and popularity of the company; allows the company to affect the image of its products; makes the products seem standard and legitimate in the eyes of potential customers; and can trigger quick sales. (Kotler et al. 2008, 713.)

Personal selling

Personal selling, sales presentations by a company's sales force, can be more effective at the stage of the buying process where the salesperson tries to affect the buyer's preferences, convictions, and actions. (Kotler et al. 2008, 714.)

The pros of personal selling are the personal interaction which makes it easier to observe customer needs and make quick adjustments; the fact that it allows the participants to develop deeper business relationships; and that the potential customer is more likely to listen to the salesperson even if they are eventually going to decline the offer. (Kotler et al. 2008, 714.)

Direct marketing

Direct mail includes among others telemarketing, direct mail, and electronic marketing. The marketing message is commonly addressed to a specific person and usually quick to prepare. (Kotler et al. 2008, 715.)

Pros of direct marketing include that as a particular message commonly has only one recipient, the message can be tailored to better target the recipient's needs; and that the message is interactive in that it can be altered according to the response and allows dialogue between the marketer and the recipient. (Kotler et al. 2008, 715.)

Online marketing is technically part of direct marketing but for the purposes of this thesis as well as the massive marketing potential of the internet relevant parts of it will be covered separately below.

Company website

A company website needs to have a purpose to work as maintaining and updating it eats away at other resources such as working hours. A company can list the reasons why they operate a website and what they want to achieve with it and modify the website so that these objectives are met. As a marketing tool, the website needs to answer to the needs of the customer so research on customer preferences is needed to provide the best service. (Bird 2007, 155.)

Critical objectives of a successful website are as follows: People need to find the website; visitors to the site need to be engaged and kept on the site for the time it takes for them to be convinced of the company and its offerings; the website needs to persuade that the company is one of their natural options when choosing potential suppliers; and the website needs to gain the visitors' response, or a revisit. (Bird 2007, 156.) In business-to-business marketing a response can mean a direct contact from the customer to the company or even the fact that when the company contacts the customer, the customer already knows the company and considers them a valid choice.

A company needs to assess whom they want their website to talk to. In business-to-business marketing a company might ask what kind of companies they want visiting their site as well as does the site serve the existing customers. Evaluating and defining

the existing customers is a good starting point as the prospective customers visiting a site are probably going to be similar to the current ones. (Bird 2007, 155.)

The company website should position the company as an authority in their field of expertise. Most customers search the web for information, and the more informed a company seems the more authoritative and appealing they will appear to the customer. In addition to information about the company and their products, valid and useful information about the market, technologies, and guides, are all potential sources to add. This is especially true if the company sells products that are expensive, highly technical, or important purchases. Moreover, people who go online to fulfill a specific need are often impatient and want to find what they are looking for quickly and efficiently. If they cannot find the information they are looking for, a potential customer will quickly change to another site. (Bird 2007, 156.)

Another factor is how the content is organized on the website. Some of the things that are worth evaluating are the ease of movement from one page to another, the ease of searching for specific things, and the ease of reading the printed information on the page. Customer opinions are priceless in assessing the functionality of the website. (Bird 2007, 158.)

Search Engine Optimization

Search engine optimization, commonly referred to as SEO, is the optimizing the content of a website to come up in as high as possible in the search results. It is one of the cheapest ways to get visibility for products and services at the moment they are needed. (Bird 2007, 167-168.)

A quick internet search with the keyword “search engine optimization” brings up some 73 000 000 pages and the concept of SEO develops continually so for the purposes of this thesis a brief introduction to some of the more important factors to consider in terms of visibility and promotion follows.

Page title, or the title tag, is the clickable text that shows up at the top of each search result (Walters 2013). The page title is important as it is usually the first item recognized by the search robots as well as the first thing noticed by people who perform a search (Enge 2009, 36; in Lievonon 2013, 33). The title of a web page can list the name

of a business and also include other bits of information such as a physical location, what the business focuses on, or what it is offering (Google 2010, 4). The page titles should accurately and uniquely describe the content of each page on a website and use brief but descriptive page titles, so that the title is not cut off in the search results (Google 2010, 5).

Meta description, or the description Meta tag, is the text that appears under the page title in search results. It is mostly used to give more information about the contents of the web site. A good Meta description fits in the two lines reserved for it and is informative. (Lievonon 2013, 36.) The content of the Meta description should not be duplicated, or repeated, on other pages (unless it is relevant to the page). It should accurately summarize the page content without generic descriptions. Filling the description with just keywords should be avoided as well. (Google 2010, 7.) As with page title, each individual page on a site should have its own descriptive Meta tag.

URL, or uniform resource locator, is the address of the website or page that tells where the resource can be found. A good URL shows the site hierarchy of the web page so that search engines can determine the relevancy of the page. (Moz 2014.) Using words rather than number IDs in URLs and arranging the structure of a site so that the visitor always knows where they are when looking at the URL are suggested. Having a simple URL structure, such as <http://www.mypage.com/aboutme/> is going to appeal to a user more than having for example a numerical category such as <http://www.mypage.com/53435/>. (Google 2010, 8-9.)

Site hierarchy, or site architecture, refers to how the layers of pages are arranged on a website and affects both the search engine rankings and the user experience. A basic site hierarchy starts with a home page that links to category pages that in turn link to sub-category pages. A website should not be too deep, meaning that information is buried on a sub-sub-sub category page many clicks away or search engine robots might not find it even if it contains information someone is searching for. (Baxter, 2011; Ecreativeim.com, 2011.)

According to Matt Cutts, the head of search spam at Google, some of the most common mistakes webmasters make when optimizing their websites are not including the right keywords or phrases on their website; concentrating on link building and ignoring site

content; and not considering the titles of the most important pages on a website. (Google Webmasters, 2013.)

Social media

David Moth writes about five business-to-business companies who have adopted social media as part of their marketing efforts. Danish shipping company Maersk managed to get 150 independent sales leads from a Facebook campaign focusing on its shipping containers. In the Facebook post there was a link to a form where potential customers could fill out their details if they were interested in a brochure about the company's anti-freeze services. (Moth, 2013.)

Eloqua, a marketing software company conducted a survey with 500 respondents on UK business-to-business companies and their use of social media. The top three reasons for using social media were creating awareness for the company (83%), encouraging social sharing (56%), and gaining trust and followers (55%). The top three social media platforms were Facebook (80%), Twitter (78%) and LinkedIn (51%). (Moth, 2012.)

A 2013 IDGConnect survey revealed that 86% of IT buyers use social media networks and content in making their purchasing decision and that social media is most often used at the general education stage of the buying process. 89% of buyers prefer educational content to promotional content in social media channels. (IDGConnect, 2014.)

Allen Narcisse of Content Marketing Institute writes about reasons business-to-business companies should use the social media. Building brand awareness through advertising on social media or just sharing helpful information or contributing insights is one strategy to gain visibility. According to Narcisse social media users are more likely to purchase a product or a service if they have some pre-existing awareness of it. (Narcisse, 2014.)

Social media is also used to gain valuable information on particular fields of business. Narcisse recommends joining groups where people discuss subjects related to a specific field and contributing to the discussion as a person but also as a representative of a company. Making sales contacts through social networking is also a possibility. According to Narcisse it can be achieved by listing organizations a company wants to do business with, finding out where the social media presence for these companies is the

strongest, and getting involved in discussions. Another way to gain awareness is to visit a potential customer's LinkedIn profile as the user is alerted of the visit. (Narcisse, 2014.)

Guerrilla marketing

Guerrilla marketing is a marketing strategy that aims to create visibility and sales through low-cost and unconventional marketing methods (Creative Guerrilla Marketing). Creativity is the focus of guerrilla campaigns and consumer interaction is encouraged (Wanner 2011). According to Wanner's research guerrilla marketing can be more effective but also riskier for large established companies or brands. As established companies are expected to use traditional marketing and advertising methods a guerrilla campaign needs to be carefully prepared to ensure consistency with the brand or company. For smaller companies or brands with limited budgets guerrilla marketing can be an effective way to generate visibility and sales. (Wanner 2011.)

Like social media, guerrilla marketing seems to be more embraced by the business-to-consumer market rather than business-to-business. Companies may feel that as business purchasing decisions often involve much more deliberation and research than consumer purchases, a guerrilla marketing campaign might not sway a business buyer even if it brought visibility. It could even work against the marketing company. It should however be taken into account that business buying processes are handled by humans who are similarly affected by advertising and marketing than regular consumers. Moreover, guerrilla marketing can be approached from the perspective of attaining visibility instead of aiming to generate instant sales, can be executed completely online as well and does not need to be explicitly targeted to potential business customers.

Zaccardi suggests that businesses ask themselves what essential message they want to bring forth that can be said in a brief time period or expressed in a clever way. Neisser suggests setting clear objectives, thinking about what would appeal to customers and also trying to imagine the response in advance. Salacuse and Zaccardi also mention that a company should never aim to upset, scare, or negatively provoke people with a guerrilla campaign, or try to do something that does not come naturally to it. (Entrepreneur 2010.)

4.9.5 People

This element of the mix refers to anyone in a company who is in contact with customers, and is one of the additional elements that pertains to service marketing. Selection of employees, adequate training, and motivation are key factors in utilizing this element of the mix. (Kotler et al. 2008, 604.)

Heterogeneity in services marketing and particularly in the people –element refers to a concept where the same service is delivered in different ways by different people. This can be both a threat and an opportunity: Individual customers need to perceive that they are getting the best possible customer service and as a group, customers need to receive consistently excellent, homogenous customer service. (Ruskin-Brown 2005, 102.) However, Ruskin notes that if the nature of the service is more in the professional advice end of the spectrum, heterogeneity becomes an opportunity as these kinds of services offer the potential of establishing a strong relationship between the customer and the person delivering the service (Ruskin-Brown 2005, 104). This notion could be extended to services that are highly customized as the relationship requires the service deliverer to have plenty of knowledge about the specific customer and their field.

4.9.6 Physical evidence

Also sometimes referred to as “physical environment” or “packaging”, physical evidence is what potential customers use to assess a service (Ruskin-Brown 2005, 114). As services are commonly seen as intangible, having no physical form, everything that is associated with the service can act as clues to customers. It is easier for a company to offer physical evidence if the service is offers requires props such as an event space with chairs and tables or a restaurant with uniformed staff. For companies who operate in markets where the communication with customer is mostly done via e-mail or phone and the customer rarely sets foot in the premises of the company, presenting physical evidence requires more effort.

There are several types of physical evidence: The location, style, and size of offices; the clothes that staff wear; and stationery and logos are all physical evidence (Ruskin-

Brown 2005, 122). If it is difficult for a company to provide tangibility to their services, they can think about what tangible things a potential customer sees when they look into the company for the first time. In any case, a service company needs to make physical evidence a deliberate part of their business, instead of letting a certain picture form accidentally in the minds of customers (Ruskin-Brown 2005, 114).

4.9.7 Process

Process refers to the delivery of the service and everything it entails (Kotler et al 2008, 604). Whereas a goods customer does not experience the production and supplying of the good, to a service customer the service is the experience and the opinion of the customer regarding the delivery of the service is an important part of marketing the service (Ruskin-Brown 2005, 141). The importance grows when the service is delivered during a longer time period, such as maintenance services.

Even when the sold product treads the line of being a good versus being a service, such as customer-based software, favorable experiences of the delivery are a key part in forming the customer's decision to continue the business relationship (Ruskin-Brown 2005, 141). There is no difference in whether the customer is a business or a consumer, or what the marketers of the service do as business people, at the end of the day services are being viewed and perceived in human terms (Peters, in Ruskin-Brown 2005, 141).

Best Practices of service-quality management

Studies have shown that service companies that are managed well share common practices (Kotler & Keller 2006, 414-421). Some of the relevant practices are described below.

Strategic concept: Many of the most successful service companies have a clear vision of their target customers and their needs and a strategy to satisfy these needs. This makes it easier for them to find out exactly what their customers want and offer accordingly. (Kotler & Keller 2006, 414-421.)

Top management commitment: Top service companies are committed to service quality all the way from the top. The management knows that financial performance is affected

by service performance so they keep quality service high up on the list of priorities and make sure that the employees know this as well. (Kotler & Keller 2006, 414-421.)

High standards: The best service companies have high standards of service. They always aim at 100% perfect service and find out ways to improve their performance in all areas of service. (Kotler & Keller 2006, 414-421.)

Monitoring performance: Successful firms monitor their performance continuously. This is achieved for example via customer surveys and other feedback such as complaints and suggestions. Good service companies also monitor the performance of their competitors and alter their own performance accordingly or use a competitor's poor performance in one area as a marketing tool to gain more customers. (Kotler & Keller 2006, 414-421.)

Satisfying customer complaints: Companies that encourage customer feedback and train their staff to promptly and properly respond to the complaints usually fare better. Customers evaluate their experience by the outcome of the complaint, the procedures taken to arrive at the outcome and treatment they receive so successful and a satisfactory resolution to a complaint can result in higher customer loyalty even if the service was not satisfactory in the first place. (Kotler & Keller 2006, 414-421.)

Satisfying employees: Positive employee attitude promotes better customer service as people are motivated to work for the company, not just in it. Training programs, rewards, good internal communication and a way for the employees to get their voice heard are all methods used to ensure employee satisfaction and as a result, better service and higher level of customer satisfaction. (Kotler & Keller 2006, 414-421.)

4.10 Customer analysis

Customer analysis is based on research of customer buying behavior and needs. It tells a company which segments it should target, how to position its products and services, and what marketing strategies are the most effective. Analyzing business customers differs from consumer analysis but it needs to be taken into account that business buyers are

people, only buying on behalf of their company and influenced by different factors. (Burk Wood 2014, 51, 54.)

4.10.1 Key differences in marketing to business customers

Bly lists important differences between business-to-consumer and business-to-business marketing that a company should take into account when planning their business-to-business marketing efforts (Bly 1998, 7-8).

The business buyer wants to buy.

Unlike marketing to consumers, which relies heavily on persuasion and creation of images, the business buyer wants to buy and has to buy. Most often the business buyer is looking to fulfil a certain need that can be fulfilled by various different products or services. Therefore the business marketer needs to catch the business buyer's attention and convince them that their product or service is best suited to fulfill the buyer's need. A direct approach where the buyer knows instantly what the company is selling and if it suits their current need is a good approach. Talking about the product and what it can do to the buyer's company is also suggested. (Bly 1998, 7-8.)

The business buyer is sophisticated.

Sophistication in this case refers to knowledge and experience about the product or service the buyer is looking to purchase. They are typically interested in the product or service and understand the problem behind the need for the product or service and what is needed to solve the problem. Communication should therefore be kept on a peer-to-peer level, rather than trying to sell with slogans or simplified messages often targeted to consumers. Credibility is established by gaining knowledge about the situation of the buyer so the marketer can explain how their product or service would solve the problem. (Bly 1998, 10-11.)

The business buyer will read a proposal if it is engaging or relevant.

Business buyers are accustomed to reading a lot of information from various sources. They are also often very busy so if there is no relevant information pertaining to the problem they are looking to solve or if the information is difficult to find, they might

not finish the proposal. An example can be marketing software, which usually requires a lot of information to be conveyed. Being concise with information and communicating the information in the fewest possible words is suggested. The content should be relevant to the buyer so the marketer should be knowledgeable about the buyer's company and they need to find the essential sales points and include them. (Bly 1998, 12-14.)

Business buying is a multistep process

Unlike consumer buying, business buying involves several steps. Marketers do not expect to generate a sale at the first contact with a potential business customer, but to establish connection with the company and pique their curiosity about whatever the marketer is offering. The more expensive the product or service is, the more steps are usually involved. So it is not a single piece of communication, whether on paper or by phone, that closes the deal but an entire sales process. (Bly 1998, 15-17.)

Business buying involves multiple influences.

Business buying is multistep process that involves careful consideration of the product, the competitors, and the price before the decision to buy is made. This means that the right marketing message with the right kind of information needs to reach the right person involved in the process. Managers usually care about the reputation of the marketing company and if they can provide in the long run. If the marketed product is software, its technical details are of interest to the head of IT. A controller might care about how the software can simplify accounting procedures. Assessing who in the buying company are involved in the buying process and approaching them all with appropriate marketing communication is suggested. (Bly 1998, 17-20.)

Business buyers buy for the company, and for themselves.

Business buyers are mainly concerned about how the offered product or service affects the company, but they are also wary of how the purchase might affect their personal career. Some of the personal motives in play are avoidance of stress or hardship, when the buyer wants to avoid extra work that would often arise for example from purchasing a new accounting software; and fear of loss, when the buyer fears that the purchasing of a new system might diminish their own status within the company or even cost them their job. Good marketing communication provides reasons why the product in question is beneficial to the company as well as to the person who receives the message. (Bly 1998, 17-20.)

In addition Kotler et al. also mention characteristics familiar to business buying and business markets. Business sellers and buyers are often more dependent on each other than consumers and sellers. Many business marketers and sellers work closely with their customers during the entire purchase period. In the short run, sellers who face the customer's immediate needs get the sale but in the long run, sellers who adapt their offerings to the changing needs and situations of the customer keep them. Business sellers and customers often form supplier-partner networks that ensure a continuous business to the seller and a dependable supply of products for the customer. This networking is called supplier development. (Kotler et al. 2008, 295.)

4.11 Competitor analysis

Competitor analysis is executed to help companies gain information about competitors such as their current and future strategies, and other dynamics (Burk Wood 2014, 39.)

4.11.1 Identifying competitors

According to Kotler and Keller it is more likely for a company to be threatened by competition it might've not defined as such, for example emerging companies or new technology, than by the existing, known competition. For instance, the internet is one competitive force companies are known to overlook. This threat applies especially to companies who have invested heavily in stores and stocking inventory as a massive variety of businesses can be taken to the web, thus cutting costs and most likely the prices as well. (Kotler & Keller 2006, 345).

4.11.2 Concepts of competition

Competition can be examined and defined through two main concepts; the industry concept and the market concept. An industry is a group of companies that offer products or services that are similar to the offerings of the other companies in the same group. (Kotler & Keller 2006, 346). For the purposes of this thesis the focus will be on the market concept.

The market concept of competition groups companies by way of how their offerings satisfy a particular customer need. For example, a consumer looking for “something to drink” might choose a soft drink from a vending machine. The competitors in the group, that is to say other products and services that can satisfy the need for “something to drink” include coffee in coffee shops, fresh juice from a juice bar or a beer at a pub.

The market concept of competition is useful for finding out a much broader set range of competitors and thus identifying potential threats. If a company finds it difficult to identify direct competitors, breaking the competition into smaller segments and identifying indirect competition might yield better results. (Kotler & Keller 2006, 346.)

Figure 2 below demonstrates the direct and indirect competition of Eastman Kodak (commonly known as Kodak), an imaging solutions company (Kotler et al. 2008, 463).

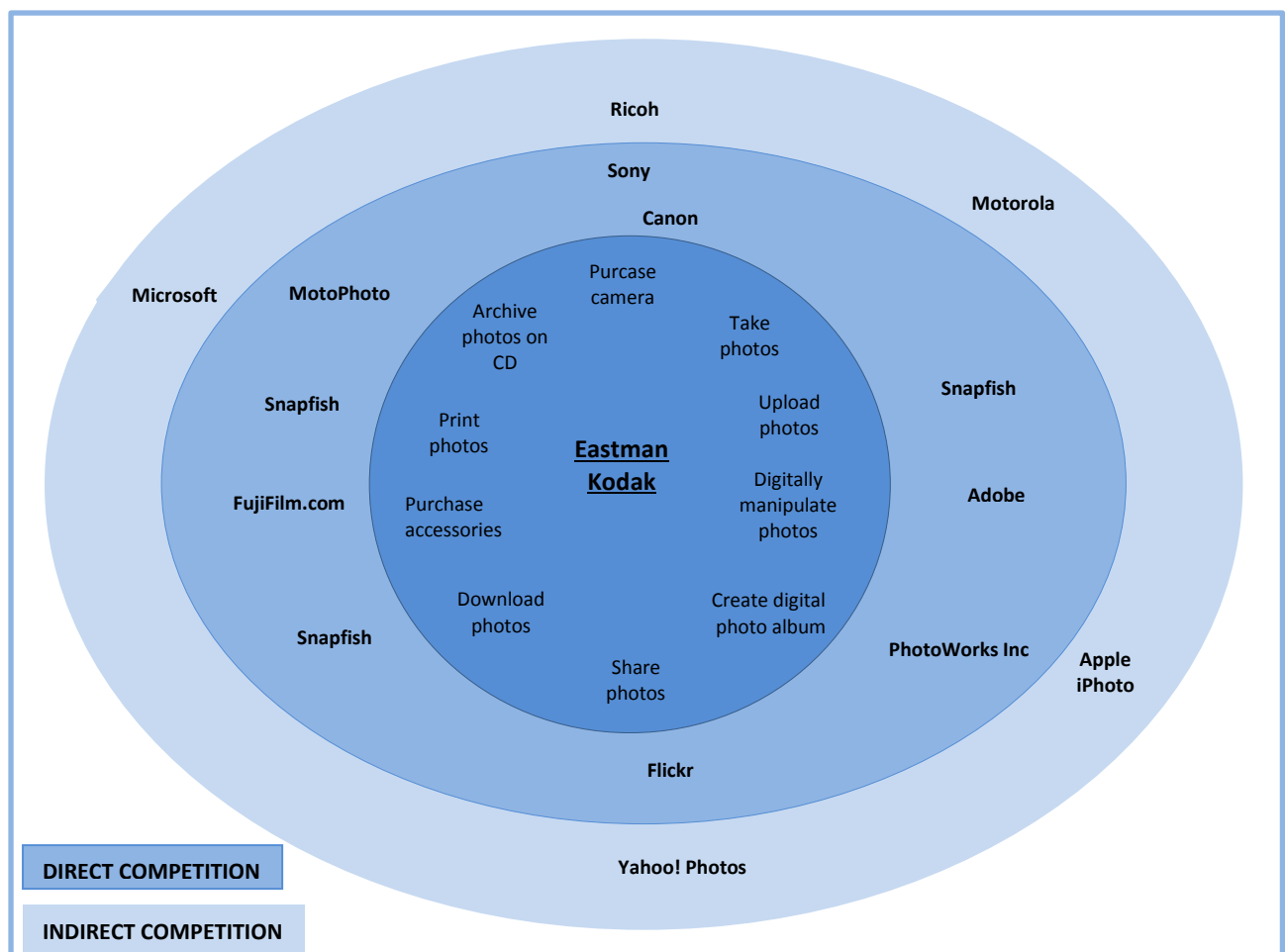


FIGURE 2: Direct and indirect competition of Eastman Kodak. Adapted from Kotler et al. 2008, 463.

4.11.3 Analyzing competition

After the competitors have been identified analyzing their business practices can yield important information about the market. There are four major areas to analyze: Strategies, objectives, strengths and weaknesses (Kotler & Keller 2006, 347-349).

Strategy

A group of companies that follow the same strategy within a certain industry and target market is called a strategic group. If a company wants to for example enter a new industry, it needs to chart the competitors within that industry and divide them into groups according to their marketing strategies. It then needs to figure out which group would most likely guarantee a successful entry into that industry. (Kotler & Keller 2006, 347-349).

Objectives

After identifying the competitors and their strategies, the company needs to look for the objectives of each competitor and compare them with its own objectives to pinpoint potential threats. For most companies the main objective is to maximize profits but in terms of how big a threat a particular competitor might pose depends on whether it is aiming for short-term or long-term profits or other goals such as market share growth, technological leadership or service leadership. (Kotler & Keller 2006, 347-349).

Strengths and weaknesses

Finally, a company needs to gather information on the strengths and weaknesses of their competitors. Apart from information that can be gathered from public sources such as company websites and reviews, a customer survey can be conducted to find out what attributes the customers value in the company in questions and its main competitors and conversely, what areas need to be improved upon. By finding out the strengths of the competitors, a company can pinpoint areas in their own practices that need improvement. The weaknesses tell what areas the company can focus on to draw customers from their competitors. (Kotler & Keller 2006, 347-349)

4.11.4 Competitor selection

After a company has analyzed their competition carefully, it can decide which ones to attack for market share. They are generally grouped into three classes: Strong versus weak, close versus distant and “good” versus “bad” (Kotler & Keller 2006, 347-349).

Even though most companies prefer to attack the so-called weak competitors, it is important to compete with the strong ones as well as they too are bound to have weaknesses. The close-versus-distant -class refers to resemblance of products and services. Often the competition is with those companies who produce a similar product or a service. While a company that manufactures mid-priced cars is in competition with all manufacturers of cars, the closest competitor is another manufacturer of mid-priced cars. But as mentioned before, it is important to look beyond the obvious when selecting competitors as the manufacturer of super cars is also a competitor, albeit a distant one, of the mid-priced car company, as are other forms of transport. (Kotler & Keller 2006, 347-349).

Finally, the good-and-bad divide refers to companies who either respect good business practices, aim to maintain a healthy industry and motivate their competition to differentiate and lower costs (the good), or to companies who aim to grab a major share of the market by buying rather than earning, invest in overcapacity and generally upset the price balance of the industry (the bad). It is suggested that a company should support the good competitors, thereby making the industry a viable place for innovation and development, and attack the bad competitors. (Kotler & Keller 2006, 347-349; Kotler et al. 2008, 465-466).

5 MARKETING PLAN FOR COMPANY X

5.1 Introduction

The empirical part of this thesis consists of internal analysis, external analysis, customer analysis, competitor analysis as well as the final suggestions and conclusions for a marketing strategy for Company X. The analyses are based on the information included in the theoretical part of this thesis as well as information provided by Company X and its customers.

5.2 Case company introduction

Company X is a Finnish software company started in 2006. The company started with EMV chip technology software but at the moment its business includes CRM and operational management systems, reporting and monitoring systems for geographically distributed areas, web-based solutions and software solutions, and software solutions for payment transfer, logistics, e-business, and consultation.

The company also provides system maintenance services for their own systems as well as third party systems and sells their Product A, an application for maintenance, monitoring, management and data security for demanding PC-based systems.

Company X employs a growing number of people in their headquarters. The amount of employees has almost doubled within a year up to 43 people as of November 2014. Unlike many other companies in the field of IT, Company X has never had to let employees go.

Financially, Company X is a stable company. Its turnover in the last financial year was 1.7 million Euros. The company experienced a growth of 2.2 %, or 38 000 Euros. Profit for the last financial year was 326 660 Euros which was a slight decrease from the previous year's 345 112 Euros, approximately 5.5 %. (Kauppalehti, 2014; Company X, 2014.)

5.3 Internal analysis

The internal analysis for Company X includes the company's mission and vision statements, a description of the products and services related to this thesis as well as the strengths and weaknesses from the SWOT analysis.

5.3.1 Mission statement CONFIDENTIAL

5.3.2 Vision

Below is the translation of Company X's vision. The Finnish original version can be found in the Appendices.

“In 2016 Company X is a successful, internationally operating, and respected software house. Company X has three profitable business units: Software solutions, maintenance, and product business unit.” (Company X, 2014.)

5.3.3 Products and services

For the purposes of this thesis the focus here is on the tailored, customer-based solutions and systems maintenance services.

Company X designs, manufactures and sells various software solutions tailored to the needs of the customer. The company also provides systems management services for their own products as well as third party products. As the focus is on customer-based products and services a comprehensive product list cannot be presented here.

The range of expertise is wide. The company can design and provide tailored solutions for several fields, businesses and needs but there are certain fields in which it obviously excels. These are as follows.

- Oil retail
- Trade sector
- Payment transfers
- Point-of-sale systems (POS)
- Industrial automation
- Information security
- Customer relationship management systems (CRM)
- Enterprise resource planning systems (ERP)
- Logistics and inventory management systems
- Decentralized and geographically dispersed environments
- Reporting and monitoring systems.

Some of the projects the company has done are intra- and extranet services, mobile terminal units and server solutions for logistics management, touch screen solutions, mobile work support solutions for tablets, payment terminal integration, and bank interfaces. Customer-based solutions start with a thorough need mapping to where the problem or the need of the customer is identified and the company suggests solutions to solve or fulfill it. (Company X, 2014.)

The maintenance solutions the company provides are also tailor-made to customer needs. This area is also where the company utilizes their Product A maintenance product. (Company X, 2014.)

5.3.4 Strengths

The major strengths for Company X revolve around the size of the company, the skilled workforce, the expertise, as well as customer service (Company X, 2014).

The company has identified their core expertise and skills in various fields which are all mentioned in the chapter above. They have a fairly wide area of expertise which, on one hand, is good so as to attract as many potential customers as possible, but on the other hand can also work against the company in making it appear as if it doesn't have a direction. However a quick look at the websites of other Finnish companies offering software solutions reveals that this kind of variety in offerings is very common.

High level of customer service is of utmost importance to Company X and this has been a guiding principle throughout the lifespan of the company. Company X prides itself on surpassing customer expectations and the company truly has realized the potential of great customer service as a differentiation method.

The company also enjoys high customer loyalty. Some of the companies Company X does business with have been customers for several years and the roster of names on the references section of the company's website includes some surprisingly big names compared to the size of the company. It is in fact the size of the company that most likely works in their favor in securing big customers as smaller companies often offer better and more thorough services and more competitive pricing to get ahead in the market. Smaller companies are likely to have fewer customers so they are bound to be more dedicated to each customer in order to keep their business. Due to size, communication with the customer may be more efficient. Getting a foothold in the market also requires small companies to protect their image so it is likely that they focus on customer service more than larger companies. (Company X, 2014.)

Good project skills come from experience. Each project at Company X is approached with similar dedication and executed skillfully using methods and models best suited to the customer and the project at hand. Along with highly skilled employees and a variety of areas of expertise, the company's small size is most likely a beneficial factor in projects as communication is a key in situations where tasks are divided among several people.

Due to its highly skilled employees, expertise in various fields, dedication to impeccable customer service, as well as sound financial decisions, Company X has gained a good reputation in the field of software design as well as among its customers. The company's achievements have also been recognized nationally. Kauppalehti in cooperation with Balance Consulting granted Company X their Menestyjä (Success) certificate for the second year running. The certificate, which is granted to just approximately 5% of the 320 000 companies in Finland, requires that the company have established operations, steady growth, good profits as well as profitability, strong financial structure, and liquidity to ensure continuous operation. The certificate also indicates that the receiving company has an efficient management and organization, and that it possesses adequate business skills. (Company X, 2014.)

Finally, Company X has a team of highly skilled, dedicated employees. This guarantees that the standard of services and products stays high while also providing business credibility. The company invests in the wellbeing of its workforce with comprehensive employee benefits and competitive salary. Company X provides opportunities for recent graduates as well as employees with work experience and expertise to work in an environment that utilizes the newest technologies and principles of software production. Employees are given challenging and varied tasks from the start and due to the tight customer relationships they get to actively participate in projects as well as witness the results of their work firsthand. The working environment at Company X is motivating and flexible and employees are encouraged to continue their training and participate in business events. (Company X, 2014.)

5.3.5 Weaknesses **CONFIDENTIAL**

5.4 External analysis

The external analysis for Company X includes the SWOT analysis, current situation of the software industry in Finland and PEST analysis.

5.4.1 SWOT analysis for Company X

The SWOT analysis depicted here lists the strengths and weaknesses mentioned in the internal analysis as well as opportunities and threats. The contents of the opportunities and threats of the SWOT as they relate to this thesis are addressed in the PEST analysis as well as the suggestions for a marketing strategy.

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Good project skills and dedication • Differentiation • High level of customer service • Customer loyalty • Good reputation • Growing number of employees • Highly skilled employees 	<p>WEAKNESSES</p> <p>CONFIDENTIAL</p>
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Going international • The company's Product B • New business prospects in the oil wholesale field • Big companies interested in small, agile firms 	<p>THREATS</p> <ul style="list-style-type: none"> • Damage to reputation • Future of C# and .Net • New entrants to market • Outsourcing of IT jobs

FIGURE 3: SWOT analysis for Company X

5.4.2 The current situation of software industry in Finland

According to Software Industry Survey by Teknologiateollisuus, the software and IT services sector in Finland grew over 11 percent in 2013 with combined revenues of close to 7.5 billion Euros. The growth was facilitated mainly by small and medium companies, especially in the games industry. Bigger companies in the field experienced decreasing turnovers but were considered able to react to changes in the industry. (Software Industry Survey 2014.)

The global software market is growing approximately 5 percent per year and is dominated by three trends: Cloud computing and software-as-a-service, collaborative and content applications, and data management and analytics software. According to the Software Industry Survey, the Finnish software companies are taking advantage of the first two trends. Finnish game companies have had a good year, and the industry was growing rapidly with a 550 million euro increase in turnover from the previous year. The Finnish small and medium software businesses generally matched the growth of the global industry. In terms of exports, Nordic countries and Western Europe are the two most important areas of export, followed by North America, Eastern Europe, and Russia. (Software Industry Survey 2014.)

The publicly listed IT services sector in Finland reported a -4.6 percent decrease in revenues from 2012. Customer demand has been a major factor in the decrease. The companies also report to reacting to changes in the industry by offering continuous services, product business, as well as software rental services. These trends are all in line with the global IT services industry development but also require investments up front, which might also explain the decline in revenues. It seems that companies, especially larger ones, who reacted earlier to the changes than small and medium businesses are reporting increased revenues. (Software Industry Survey 2014.)

Cloud computing platforms have been adopted by the Finnish software companies as 50.3 percent of the respondents to the survey reported utilizing the platforms in their software development. The reasons behind the popularity of cloud computing are cost efficiency in improving IT services provisioning, as well as new business opportunities. (Software Industry Survey 2014.)

A major theme of the survey was flexibility, referring to a company's capability to react to changes in the industry or to apply existing resources to new purposes. The survey indicates that the majority of Finnish software companies describe themselves as flexible, with 75 % reporting that their products and services are easily modified to suit new markets and they are able to organize into new activities quickly. Based on the survey data, this flexibility is related to providing platforms or interfaces to others, experimenting with different business models, using cloud computing, and being customer-oriented (gathering regular information from customers). (Software Industry Survey 2014.)

In connection with last year's survey, Mikko Rönkkö, the head of research at Aalto University said that one of the challenges in Finland is that small and medium software companies rarely become large companies with lots of employees and steady growth.

According to Rönkkö, this is explained by two things: the slow growth of Finnish companies, and the fact that many startup software companies are already planning their eventual exits, for example selling to bigger company, a move that is beneficial to the owners of the selling company but not to the Finnish software industry as a whole. Size is a competing point at the global marketplace and for the first time in the history of the Software Industry Survey, in 2013 over half of the responding companies reported global operations. Moreover, out of domestically operating companies over half reported either planning on going global, or having tried it in the past.

(Yrittäjät/Yrittäjäsanomat 2013.)

According to Rasmus Roiha, the president of Ohjelmistoyrittäjät, Finnish software expertise has been noticed abroad as foreign larger IT companies are acquiring Finnish startup companies and recruiting highly skilled Finnish software and IT experts.

(Yrittäjät/Yrittäjäsanomat 2014.)

According to Statistics Finland, between May and July 2014, the services sector that comprises software, consulting, and other related services alone grew 19.4 percent (Tilastokeskus/Statistics Finland 2014a).

Between June and August 2014, the revenue for the information and communications services sector grew 10.6 percent compared to last year. The bulk of this growth is again

represented by the software, consulting, and related services sector, which grew 22.6 percent compared to last year. (Tilastokeskus/Statistics Finland 2014b.)

According to Technology Industry (Teknologiateollisuus), the entire IT sector comprising IT services and software employs about 51 000 people (as of June 2014). The combined revenues in the year of 2013 were 8.3 billion euros. Between January and June 2014 the combined revenues were 13% bigger than in the same period last year. Order growth came to a standstill between April and June 2014. Companies included in the survey of order backlogs reported that the number of orders had decreased by 25% since the previous quarter of January-March 2014. (Tietoviikko 2014.)

Between January and August there have been 47 bankruptcies that have resulted in the loss of 108 jobs. This indicates that the companies have all been small businesses.

According to Statistics Finland, in 2014 there were a total of 5213 companies in the country specializing in design and manufacturing of software. Out of these 4340 were small companies with 1-4 employees. There were 156 companies in the same size bracket with Company X (20-49 employees) and just 36 large companies with 100+ employees. (Statistics Finland/Tilastokeskus 2014c, 44.)

5.4.3 PEST analysis

Political & Legal

It is difficult to pinpoint political issues affecting the software industry, especially in the fields where Company X operates. Company X trades mostly domestically which narrows down the potential risk factors even more. The biggest political risks most likely have to do with the risks affecting Company X's clients. For instance, the oil industry is facing several risks such as volatile oil prices and resources as well as tightened regulations. It is possible that this might affect Company X indirectly by way of decreased sales in a field that is part of the company's core competences.

Regarding the general political risk level in Finland, a research was made earlier this year. The respondents to the research were leaders of Finnish trade unions for indus-

tries, members of the parliament, and political special advisors. 75% of the political figures and 92% of industry trade union leaders feel that the political risks in Finland have increased in the last five years. (Hill & Knowlton Finland, Aula Research 2014.)

According to the results the change in attitudes has been rapid and significant. 22% of politicians feel that the development of legislation in Finland is somewhat or completely unpredictable whereas in 2012 only 2% of responding politicians felt the same way. The corresponding percentage within industry leaders is 42% compared to 25% in 2012. In 2012 81% of political figures believed the political risk in Finland to be generally lower than in the EU15 countries. Now only 41% agree with this. (Hill & Knowlton Finland, Aula Research 2014.)

Economic

Already mentioned in the Company X SWOT analysis, the future availability of skilled workforce may pose a problem for the company at some point. While the software industry in Finland seems to be growing, highly publicized lay-offs in the IT industry may deter students from choosing the field in the coming years. Especially young people who have recently been laid off from IT may start looking for work opportunities abroad. The success of Finnish companies such as Rovio and Supercell may encourage recent graduates to start their own businesses instead of working for others. Inability to attract workers affects business negatively by hindering growth, slowing down the ability to react to trends, and affecting existing projects and customer service.

The outsourcing of IT jobs abroad is another potential economic risk factor. It has the potential to cut the profitability of Finnish IT and software companies. At the moment it seems that Finnish companies and foreign companies operating in Finland are happy to buy services and products from Finnish software houses.

Social

Just like political factors, social factors are not a major concern in the software industry. Key areas of potential social risks seem to be customer service and employee concerns.

The aforementioned future inability to attract employees can also be considered a social risk as it is linked with the change in the demographic. High employee turnover rate, while not concerning Company X at the moment, is another factor that eats away at the

credibility of a company as well as its resources by taking away skilled workforce with company intelligence.

Another factor is potential threats to Company X's reputation. These threats would most likely rise out of customer service, and while the cause is usually linked to the quality of products or services, personality clashes are also a possibility. With the amount of competing firms around, even a few negative experiences, however the customer defines it, can be costly.

Technological

Future of C#

One of the issues Company X named as a potential threat is the rapid development of new programming languages and the future of the languages Company X uses to build software. Particularly, the future of C# and the .Net framework came up.

C# is a programming language developed by Microsoft as a part of its .Net software framework (Technopedia.com). With the continuous development of new programming languages there is a possibility that the older languages may lose space in favor of newer, better designed languages and even become obsolete.

IEEE Spectrum, a magazine published by IEEE, the world's largest organization devoted to engineering and applied sciences, conducted a survey using various sources and metrics to find out the top ranked programming languages used by developers around the world. C# was ranked as number five in the general listing. The languages were also ranked separately in four categories depending on the field of development they are most popular in. These categories were web, mobile, enterprise, and embedded. In web development C# came in at number three only surpassed by Java (#1) and Python (#2). In mobile development C# was number four, surpassed by C++ (#3), C (#2), and Java (#1). It should be noted that in the mobile development category C# was ranked higher than Objective-C which is used by Apple in developing applications for their products. (IEEE Spectrum 2014; Buckler 2014; Kunal 2014.)

TIOBE, a company specializing in tracking and assessing the quality of software. It ranks programming languages monthly by popularity in its TIOBE Programming Community index. According to the TIOBE site, the rankings can be used for example to make strategic decisions about which language to use when building new software. (TIOBE 2014.)

In the November 2014 rankings C# came in fifth after C++ (#4), Objective-C (#3), Java (#2), and C (#1). The percentage rating of C# was 4.985%. Compared to last year's November rankings, C# maintained its rank but the percentage rating came down by 1.04%. The site also includes a chart comparing the results of rankings all the way from 1989 in five-year intervals. C# has come up from #17 in 1999 to the current fifth place. (TIOBE 2014.)

The rankings denote the popularity of language among developers and cannot be used as such to determine the future of C#. There is no way to actually determine what will happen to older programming languages as new languages are being developed. The steady position of C# can be taken as a sign of stability in the future, though.

Future of the .Net framework

In May this year, Microsoft made announcements regarding its .Net software framework at the TechEd 2014 North America conference. Microsoft had been prioritizing JavaScript and web technologies for its Windows Store applications and the programming language C++ for desktops and the announcements at TechEd revealed that Microsoft was planning to improve .Net for use in server-side applications and cloud computing. (McAllister 2014.)

The goal for the company, according to the vice president of Developer Division at Microsoft S. Somasegar, is to develop the next version of .Net to be the first and only framework designed for cloud computing. The new version will include a cloud-optimized mode eliminating libraries not needed for server-side deployments. The company also reports that the new version of .Net would work on more platforms than just Windows such as OS X and Linux. (McAllister 2014.)

5.5 Competitor analysis

The aim of this analysis is to map out how the competitors of Company X are marketing their products and services, what methods they use to get visibility for their offerings, what the Company X is doing better or worse, and what it could learn from its competitors in terms of marketing.

The analysis is based on information from the commissioning company, competitor analysis theory, and information gathered from the competitors' websites and other web sources. Information is based on web sources because most business-to-business software solutions companies do not carry printed marketing materials such as brochures and even if they do, this kind of material is difficult to obtain. Although normally part of observable data, in the case of software solutions pricing could be considered opportunistic data as most projects executed by these companies are tailored and the prices vary from case to case.

Issues such as pricing or product/service gap analysis will not be discussed as it does not serve the purpose of the thesis.

The competitors considered most useful for this analysis were chosen by the author of this thesis from a list provided by the commissioning company. Due to the variety of services offered by the commissioning company, the competitors are also from a wide range of fields, both domestic and foreign. As the objective of this thesis is to attain more visibility to the commissioning company's tailored software solutions and systems maintenance services, competitors who offer both of these services are included to get a thorough picture.

There are a large number of competitors for Company X in the fields of software solutions and systems maintenance services. In addition to the many domestic companies there are several foreign companies operating in the Finnish software market. It is difficult to group competitors into direct and indirect categories as most of the companies that offer software solutions for businesses have a variety of solutions for different purposes such as logistics, financial management, and customer resource management as well as systems maintenance.

5.5.1 Competitor Comparison

As mentioned before, the data concerning the marketing practices and methods of the aforementioned companies will be based on their web presence. This is because any other kind of information is difficult to obtain. Moreover as surveys suggest business buyers get their information mostly online so this is clearly the medium to focus on.

To get the results, each competitor was assessed on their online presence including social media, paid advertising and other published content, as well as the company website and its usability and content. Results were taken from a Google search due to the fact that Google is probably the most used search engine in the world.

Website content lists content that is considered profitable in terms of visibility, customer friendliness, and search engine optimization while website usability is based on user-friendliness, ease of navigation and availability of information as well as other factors brought up in the customer survey results.

The results of the comparisons are used in the suggestions for a marketing strategy.

Competitor A

- Social media: Twitter, LinkedIn, Facebook, YouTube, Foursquare, Google+
- ItWiki presence
- Paid Google Advertising
- Website content: Blog, introduction video, news, brochures, newsletter, technological knowhow, customer listing, competences and sample projects.
- Website usability: Information clearly arranged, contact information easily available, callback sheet available.

Competitor B

- Social media: Twitter, LinkedIn, Facebook, YouTube, Foursquare, Google+,
- ItWiki presence, Wikipedia entry

- Website content: Blog, downloadable software buyer guide, customer testimonials with pictures, customer listing.
- Website usability: Information clearly arranged, competences arranged according to services, contact information easily available, contact sheet available.

Competitor C

- Social media: Twitter, LinkedIn, Facebook, YouTube, Foursquare, Google +
- ItWiki presence
- Paid Google advertising
- Website content: Blog, articles, videos, brochures, customer publication in PDF, customer testimonials, customer listing, contact sheet, trend reports
- Website usability: Large amount of information on services grouped by fields, services, and solutions; contact information easily available and comprehensive;

Competitor D

- Social media: Twitter, LinkedIn, Facebook, YouTube, Google +
- ItWiki presence
- Website content: Mission, vision, values, core competences;
- Website usability: Information easily available and kept brief but relies on jargon, website looks simple.

Competitor E

- Social media: LinkedIn, Facebook, Foursquare, YouTube
- Paid Google advertising
- Website content: FAQ, brochures and guides.
- Website usability: Information easily available, dropdown-style links menu can be difficult to use, contacts page has plenty of information, lots of stock photo-looking images, several links lead to the English pages of the mother company.

Competitor F

- Social media: Facebook, LinkedIn, Google +
- Website content: Staff introduction, news, call-back request form.

- Website usability: Clear site with easily navigated structure, information easily available, Facebook feed on the home page looks out of place with the rest of the site.

Competitor G

- Social media: Twitter, LinkedIn, Facebook, YouTube, Google +
- Paid Google advertising
- Website content: Lots of references, customer hotline
- Website usability: Distinctive website that may put people off, information easily available, clear site structure.

5.6 Customer analysis

Customer analysis for Company X was conducted by interviewing six of the existing customers on the services provided by Company X, purchasing processes of their respective companies, and what kind of marketing competitors were using. The questions are not detailed separately here but divided into groups according to their purpose and the information gained from them. Questions for the survey in Finnish and English can be found in the Appendices.

The purchasing process and its participants

Questions 1-5 were about the purchasing process in the respondents' respective companies. The aim was to find out who takes part in the purchasing process and shed a light on the scale of the purchasing projects so that Company X can better target the right people with their marketing material.

The job titles of people taking part in the purchasing process were:

Field manager, team manager, systems manager, IT development specialist, maintenance manager, development manager, IT development manager, PC support person, sales manager, production manager, business director, service manager, ICT procurement/sourcing manager, procurement manager, ICT project manager, ICT architect, ICT manager, CEO, managing director, controller, and financial director. This gives an ex-

ample of the amount of people that can and should be approached when marketing products and services.

All participants to the survey took part in the IT purchasing processes in their companies. While not all of them made the final decisions most were involved in the needs mapping, recommendation, consulting, and ordering stages. Three companies had 6+ people take part in the purchasing process at some stage, two had 1-2 people and one had 3-5.

Factors in choosing a provider for software services

When asked what kind of factors or attributes the participants were looking for when choosing a provider of software services, competence, price, and references were mentioned by almost all respondents. Quality of work and price ratio needs to be in balance. Reliability and trust in the providing company needs to exist as there is no way to see the results of the work before they are being used and because long-time commitment is often needed.

Project implementation, expertise in the field, and technologies used, as well as a dynamic approach and agility are also key factors in choosing providers. The small size of a company is considered a plus even though in small companies potential problems can reach personal levels and affect the business relationships. The quality of cooperation between the customer and the providing company is another key factor. Interpersonal chemistry needs to function and there needs to be enough flexibility and skills to provide solutions and alterations to the products and services. Continuity, responsibility, and availability were also called. Finally, the ability to understand customer needs and problems and offer suitable solutions is an extremely important factor.

All respondents said that Company X has up to present fulfilled all their requirements in terms what they were looking for in a provider. Follow-ups and communication were mentioned as potential areas of improvement.

Visibility

Half of the respondents were aware of Company X before the company contacted them while the other half were not. Even though the pool of respondents was small this gives an impression that Company X needs to work on its visibility as a considerable provider

of services. Two of the respondents became aware of Company X through a phone call from the company. Other named sources were personal networks and previous projects. All respondents but one knew of other companies that use Company X's services but only one named this as a potential reason in choosing to work with Company X. This suggests that Company X needs to build its reputation as a service provider and work at amassing larger networks.

Company X's web presence

Most of the respondents thought that Company X's homepages were clear, user-friendly, and all in all good. However, attributes disorganized, boring, and dated were also mentioned. It was also mentioned that the presence of Product A on the homepage can be confusing and its function was not entirely clear. The fact that there are no unnecessary moving graphics etc. got mentioned as a positive point as was the lack of boasting content that some of the competitors' websites have. Moreover it was mentioned that more information on the services and products would be appreciated.

In comparison to competitor's sites it is clear to see why Company X's home page could be considered boring and dated as many of the competitors assessed for the competitor analysis had utilized graphic design and clearly aimed for the homepage to work as a differentiator. The organization of information was also clearer on many of the competitors' sites with simple category links leading to their appropriate sub-category pages.

Pipedrive, Stepsie, Itewiki, Nebula, Louhinet, Competitor F, and Idean were mentioned as having impressive homepages in the field of IT.

When asked how Company X could improve its web pages, the respondents said that more information on previous projects, competences, and technology knowhow is needed. Company X should also modify their webpages so that the main focus is on offered services. The user should be able to find the information they need and whether Company X is suitable for their company with just a quick look around the site. The services provided should be categorized so that customers from different fields of business understand how Company X can serve them.

Customer cases should be brought up as these can shed light on what kind of real problems Company X has solved. Solutions to customer problems on a general level should also be mentioned, as in if a customer's problem is x, Company X offers a solution with y. One respondent suggested having separate category pages for products including Product A and another one for tailored services and solutions. Moreover as Company X offers Product A for integration, other services and customer-based solutions should be brought up more as alternatives to Product A to customers who do not want to buy a product. More concrete examples were called for. The lack of a so-called carrot, a selling point that gets customers interested was also mentioned. There should also be something that assures customers of a no-risk purchase.

Contact pages and prompts should also be more inviting. Integration of all contact information including links to social media pages etc. was suggested. Updating the slightly dated design of the website to something more dynamic was also mentioned. Search engine optimization was mentioned so it is assumed that this is not a strong point for Company X.

For websites in general, simplicity and up-to-date look of the website were mentioned as general plus points while overutilization of moving graphics and too much information packed onto a website were mentioned as negative factors. This was mentioned to be a problem especially with the websites of many of the larger companies.

Competitors and their marketing

Company X's competitors market their services mostly through direct phone marketing and direct e-mail marketing. A few respondents had received offer letters. Other used but less popular marketing methods are face-to-face marketing during trade events, targeted internet marketing, and invites to marketing events.

When asked to name other Finnish companies or companies operating in Finland the participants know of that offer similar services to what their respective companies buy from Company X, Competitor G, Ixonos, Insolution, Leanware, Wapice, Competitor B, Develore, Sofigate, Tieto, Competitor C, Competitor A, SC5, W3 Group, Qvik, Capgemini, and Tamico Oy were all named. Competitor C was the only company named twice. Out of these, Competitor A, Competitor B, Competitor G, and Competitor C are included in the competitor analysis for this thesis. Most respondents named the

companies they identified as offering similar services also as Company X's most considerable competition. HIQ Finland, Competitor A, and Capgemini were all mentioned by name as potential competitors. Moreover, small companies with less visibility were considered Company X's competitors possibly because of the similarities and because without established reputation they all pose the same risks.

Respondents found out about the aforementioned companies mostly by internet search or through the company's direct phone call or e-mail contact. Other marketing methods where the respondents came in contact with the competitors were internet advertising, trade events, and networks.

Grading

In the last question respondents were asked to grade Company X based on their experiences with the company. Questions included claims relating to customer experiences such as "The salesperson was pleasant and professional". The grades were between 1-5 where 1 was "completely disagree", 3 was "neutral" and 5 was "completely agree". The respondents were also asked to mark the claim with a V if they would award a better grade to a competing company of their choice although no respondents used the V option.

All claims are presented below with the corresponding grades. The charts below show the individual grading as well as the average grade in the final column.

Concerning direct marketing via phone, four respondents had been contacted by the company via phone.

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5.6.1 The business buyer: The IDG Connect survey

IDG Connect is a division of International Data Group, the world's largest technology media company, conducted a survey of more than 400 respondents involved in business IT purchase decisions. The survey showed that business buyers use social networking among other media in gathering information for their purchasing decisions. (IDG Connect 2013.)

86% of IT buyers said they use social media networks and content in their purchase decision process. Social media is used most often in the general education state of the buying process where buyers scout potential companies and their offerings. (IDG Connect 2013.)

Out of the types of content sources or social media networks, the internet search was most favored at 58% but social media such as Facebook or Google Plus was only one percent behind at 57%. Professional networks such as LinkedIn were third with 51%. (IDG Connect 2013.)

89% of IT buyers said that they prefer educational content in social media to promotional content. When before so-called vendor content, content produced by the company that markets and sells certain products, was the number one source for IT buyers for information, the use of social networks has grown in popularity. Editorial content, content produced by third parties, gets the most weight in IT purchasing decisions with 35%. Next is vendor content with 34% and finally social media content with 31%. (IDG Connect 2013.)

The types of content IT business buyers want to see from social channels are virtual seminars at 62%. Expert technical blogs and expert business blogs are next most favored content at 61% and 52% respectively. (IDG Connect 2013.)

5.6.2 The Finnish business buyer: Frank Communications survey

In 2012, Frank Communications, a Helsinki-based business-to-business PR agency conducted a survey with 52 respondents who all either make the decision or affect the decision-making process in significant business purchases. (Frank Communications 2012.)

According to the survey, 80% of business buyers find their suppliers themselves. When deciding on the supplier, the least important factor, according to 87% of respondents is a direct contact from a sales representative. Marketing material from a potential supplier to the buyer was deemed unimportant by 85% of the respondents. (Frank Communications 2012.)

The respondents also listed the most important channels they use to find information about potential suppliers and products. The most important and frequently used medium in all purchases was the internet search with 64%. The second most important was the company website with 61% of respondents considering it an important source. However, when it came to significant purchases, 50% of respondents said that the most important source of information were colleagues in other companies. 80% of the respondents never use business directories as a source of potential suppliers but only 55% said that they never use conversations on social media similarly. (Frank Communications 2012.)

81% of buyers initiate the purchasing process due to a need they themselves noticed, and 89% of them shortlist potential suppliers based mostly on their own findings, instead of for example based on recommendation. The final purchasing decision is most affected by how well the offer suited the buying company's needs (80%). Price and the expertise of the supplier were much less important at 56% and 40%, respectively. (Frank Communications 2012.)

The most annoying things in a purchasing process to buyers are unclear offers (73%), an obnoxious sales representative (67%), and a sales representative that talks too much and does not listen to the potential customer (60%) (Frank Communications 2012).

Factors that most of the respondents appreciate in a sales representative or a potential supplier are expertise, understanding the customer's needs knowledge of the customer

company's field of business, problem-solving ability, and the ability to admit if they cannot provide the solution after all (Frank Communications 2012).

Some of the other findings in the survey were that there is plenty of information available and buyers know how to use it, that the buyers often assume an independent and proactive role in finding potential suppliers, that the benefits of the product or service to the buying company need to be brought to the attention of the buyer before personal contact, and that the personality and actions of the sales representative rarely make any difference if they are positive, but conversely make a big difference if the sales representative acts in a negative manner (Frank Communications 2012).

Finally, the key factors in a successful business-to-business sale are: Providing useful information in the mediums used by business buyers (such as the internet and the company home page), showing expertise even before meeting the customer, online and search engine visibility, and respecting and listening to the customer and their needs (Frank Communications 2012).

6 SUGGESTIONS AND CONCLUSION

The suggestions for a marketing strategy are based on all the information from both the theoretical part and the empirical part. The suggestions concentrate mostly on the web presence of Company X, establishing the company's values, and integrating customer service to improve the company's name and reputation.

On core competences and values proposition:

The company should analyze each field where it offers services (oil retail, payment transfer etc.) as to the level of competence, skills, and knowledge they have in the field. To successfully market software solutions and maintenance in all the fields they are marketing at the moment the company needs to be able to show that they are equally skilled in each field, otherwise a potential customer can be left with the idea that Company X is marketing for a certain field just because other software companies are doing it as well. Company X should not give out the impression that they are good at several fields but instead that they are experts on all fields they are operating in.

Company X should concentrate their general value proposition around excellent customer service, high level of competence in all their fields, answering to companies' needs and solving their problems, and offering timely results as these attributes seem to be what businesses look for in their providers. These factors should be communicated clearly in everything the company does.

On segmenting and targeting:

Company X should analyze existing customers to create segments out of them based on fields of business. If there are other bases for segmentation that provides large enough segments, consider them as well. Find out other companies who are not customers in each segment and consider these as potential customers and what value Company X could bring to them. Find out as much information as possible on each segment. Analyzing existing customer relationships can provide information. If possible find out who is providing software and/or maintenance services to the companies who are not Company X's customers. Decide how Company X can bring more value to the customers and prepare for questions when contacting these customers.

In terms of who to target, Company X should not shy away from targeting big customers. Even though the company is medium-sized by definition it seemingly has the resources and competence to answer to the needs of large companies by looking at the current customer roster. Company X should be able to specify why a large company would benefit from working with a company of Company X's size and use the size to their advantage in approaching large companies.

On distribution:

Although the products are not part of this thesis, Company X should still consider getting more distributors for the products as this will provide visibility for the services as well. Find out what sources competitors are using and look into distributing with those.

On the website: CONFIDENTIAL

CONFIDENTIAL

Search engine optimization **CONFIDENTIAL**

Marketing communications **CONFIDENTIAL**

Social media

Company X should engage in social media as it is a common practice among business-to-business companies these days and all of Company X's competitors mentioned in this thesis are involved as well. The content posted on social media should be carefully vetted so that the company's reputation stays intact and that the right message is communicated.

Twitter can be used in taking part in hashtags that are somehow related to either the fields of business in which Company X operates, such as promoting articles on software development with appropriate hashtags, or to promote the company's values such as posting about a non-profit event or organization whose values Company X shares. Actively follow the Twitters of companies Company X wants to attract. Participate in hashtags found in the Twitter feeds of potential customers.

Facebook can be used for most of the same means as Twitter but also for updating on company news, any mentions on other media such as newspaper articles, or even congratulating a competitor on an achievement. The content should be kept professional but light at the same time. The Facebook page should link to the company's website and have contact information as well as a fitting description about Company X. Moreover, Company X should look into updating the Facebook cover photo into something that communicates a more professional image.

YouTube can be utilized to post videos of events, company introduction, introductory videos about products or services, and videos regarding the software industry as a whole posted by relevant users. Company X homepage can also have links to videos in appropriate pages, such as an introductory video on the Company page, or embedded videos. For embedded videos other formats such as Vimeo can also be considered as they tend to look more professional than YouTube videos.

Customer service

Customer service should be integrated and coherent throughout the company. Everyone communicating with customers should be knowledgeable about the companies and their specific fields. When a salesperson calls a lead they need to know in detail how Company X can bring value to the customer. Customer requests and queries should be an-

swered as soon as possible and all complaints handled with respect and care as it communicates professionalism, experience and expertise.

Customer problem recognition needs to be focused on as well even though the grading in the customer survey suggests this is not a huge problem area for Company X.

Consider having a customer guarantee. Company X should list the things they can absolutely promise to the customer again and again. The promises should be formulated into a guarantee that is then presented on the website and in all potential marketing material. The guaranteed factors can be simple such as a timely delivery of a project or replies to customer support queries within a certain period of time. The guaranteed factors should link to the most important things customers look for in a software provider so they can act as a way to instill trust in potential customers and minimize the risks of working with Company X from the start.

As a conclusion, during the writing of this thesis it became clear to the writer that differentiating in software development field in Finland is quite difficult especially when the company in question trades solely with business-to-business customers. Thus it is suggested that marketing efforts concentrate around the company website and its optimization, providing excellent customer service to existing customers, becoming the best-informed company in the field when it comes to customer problems and needs, and tailoring marketing efforts to suit the recipient.

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APPENDICES

Appendix 1: Company X mission statement in Finnish **CONFIDENTIAL**

Appendix 2: Company X vision in Finnish **CONFIDENTIAL**

Appendix 3: Competitor B vision in Finnish **CONFIDENTIAL**

Appendix 4: Competitor information **CONFIDENTIAL**

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Appendix 5: Customer survey questions in Finnish

OSA 1: ASIAKAS JA HANKINTAPROSESSI

1. Asiakaskyselyn vastaajan asema/työtehtävä yrityksessä:
2. Oletteko mukana yrityksenne IT-hankintaprosesseissa? Tummenna sopiva vaihtoehto.
☐ Kyllä ☐ En
3. Jos olette, mikä on toimenkuvanne ko. prosessissa?
4. Kuinka monta henkilöä yrityksessänne keskimääräisesti ottaa osaa IT-hankintaprosesseihin? (Toimittajien etsintä, hankintojen hyväksyntä, neuvonanto hankinnoissa...). Tummenna sopiva vaihtoehto.
☐ 1-2 ☐ 3-5 ☐ 6+
5. Voitteko mainita joidenkin IT-hankintaprosesseihin osaa ottavien henkilöiden työnimikkeitä yrityksessänne?
6. Onko yrityksenne Yritys X :n järjestelmäylläpitoasiakas, ohjelmistoprojektiasiakas, vai molempia? Tummenna sopiva vaihtoehto.
☐ Järjestelmäylläpito ☐ Ohjelmistoprojekti ☐ Molempia
7. Kuinka kauan yrityksenne on ollut Yritys X :n asiakas?

OSA 2: NÄKYVYYS, TUNNETTUUS

8. Oliko Yritys X teille nimenä/yrityksenä tuttu ennen kuin he ottivat teihin yhteyttä/heidän tarjoamiensa palveluiden hankinta tuli yrityksessänne ajankohtaiseksi? Tummenna sopiva vaihtoehto.
☐ Kyllä ☐ Ei
9. Mitä kautta löysitte Yritys X:n, tai kuulitte/uitte Yritys X:n nimen? Tummenna sopiva vaihtoehto.
☐ Internet-haku liittyen yrityksenne hankintaprosessiin

- ☐ Internet-haku, joka ei liittynyt yrityksen hankintaprosessiin
- ☐ Yhteydenotto Yritys X:ltä puhelimitse
- ☐ Yhteydenotto Yritys X:ltä sähköpostitse
- ☐ Kolmannen osapuolen suosittelun kautta
- ☐ Muuta kautta, miten?

10. Tiedätkö muita yrityksiä, jotka käyttävät Yritys X:n palveluita? Tummenna sopiva vaihtoehto.

- ☐ Kyllä ☐ En

11. Jos KYLLÄ (kys.10), vaikuttiko tieto päätökseenne hankkia Yritys X:n palveluita? Tummenna sopiva vaihtoehto.

- ☐ Kyllä ☐ Ei

OSA 3: MARKKINOINTI, KILPAILIJAT

12. Mitkä kolme (3) asiaa/adjektiivia kuvaavat mielestänne parhaiten Yritys X:tä?

13. Mikä on vaikutelmanne Yritys X:n kotisivuista?

14. Minkä IT/software-alan yrityksen/yrityksien verkkomarkkinointi (kotisivut, verkkomainonta...) on mielestänne vaikuttavaa?

15. Millä tavalla Yritys X:n kannattaisi mielestänne parantaa verkkosivujaan?

16. Millaisiin seikkoihin kiinnitätte huomiota valitessanne toimittajaa ohjelmistoprojekteille tai järjestelmäylläpidollenne?

17. Täyttyivätkö kaikki kohdassa 16 listatut seikat Yritys X:ssä ja heidän palveluissaan? Jos EIVÄT, mitkä kohdat eivät täyttyneet? Tummenna sopiva vaihtoehto ja tarkenna alapuolelle tarvittaessa.

- ☐ Kaikki kohdat täyttyvät ☐ Kaikki kohdat eivät täyty

18. Millaisella markkinoinnilla muut ohjelmistopalveluita/järjestelmäylläpitopalveluita tarjoavat yritykset ovat yritystänne lähestyneet? Tummenna sopiva vaihtoehto.

- ☐ Suora yhteydenotto puhelimitse
- ☐ Suora yhteydenotto sähköpostitse

- ☐ Mainoskirje
☐ Muu, mikä?

19. Yritys X:n lisäksi, mitä muita suomalaisia/Suomessa toimivia yrityksiä tiedätte, jotka tarjoavat räätälöityjä ohjelmistoprojekteja ja/tai järjestelmäylläpitopalveluita?

20. Missä olette tutustuneet näihin yrityksiin? Tummenna kaikki sopivat vaihtoehdot.

- ☐ Internet-haku
☐ Internet-mainonta
☐ Yrityksen yhteydenotto puhelimitse/sähköpostitse
☐ Printtimainonta (esim. alan lehdissä)
☐ Muu, mikä?

21. Mitkä Suomessa toimivat yritykset ovat mielestänne Yritys X:n vartenotettavimpia kilpailijoita niiden palveluiden osalta, joita yrityksenne on Yritys X:lta hankkinut?

22. Arvioikaa seuraavat lauseet ja merkitkää lauseen perään arvosana, joka mielestänne parhaiten kuvastaa Yritys X:ta. **Arvosanat ovat välillä 1-5, jossa 1 = täysin eri mieltä, 2 = jokseenkin eri mieltä, 3 = neutraali, 4 = jokseenkin samaa mieltä, 5 = täysin samaa mieltä. Jos teillä ei ole kokemusta tietystä kohdasta Yritys X:n kanssa, jättäkää arvosana merkitsemättä. Merkitkää lisäksi arvosanan jälkeen ”V” jos antaisitte jollekin Yritys X:n kilpailijoista paremman arvosanan kuin Yritys X:lle kyseisessä kohdassa.**

Suoramarkkinointi puhelimitse -

- ☐ Myyjä on ammattitaitoinen ja miellyttävä
☐ Myyjä kertoo tarpeeksi tietoa myymästään tuotteesta/palvelusta
☐ Myyjä osaa vastata kysymyksiin myymästään tuotteesta/palvelusta
☐ Myyjällä on tarpeeksi tietoa mahdollisen asiakkaan yrityksestä/alasta
☐ Myyjä tunnistaa asiakkaan tarpeet/ongelmakohdat
☐ Myyjä osaa mukauttaa tarjouksensa asiakkaan tarpeisiin/ongelmakohtiin

Yritys

- ☐ Yrityksestä löytyi tietoa muualtakin kuin kotisivuilta
☐ Yrityksestä löytyi muiden asiakkaiden antamaa palautetta
☐ Yritys vaikutti mielestäni luotettavalta

- ☐ Yrityksen markkinointimateriaali oli laadukasta

Asiakaspalvelu

- ☐ Asiakaspalvelu hankintaprosessin aikana oli hyvää
- ☐ Asiakaspalvelu tuotteen/palvelun käyttöaikana on ollut hyvää
- ☐ Vikailmoituksiin reagoidaan nopeasti
- ☐ Asiakastuki on hyvin saavutettavissa
- ☐ Asiakastuki hoitaa asiakkaan ongelman asiantuntevasti
- ☐ Palvelujen/tuotteiden hinta-laatusuhde on hyvä

23. Suosittelisitko Yritys X:tä muille yrityksille/yritysten henkilökunnalle?

Tummenna sopiva vaihtoehto.

- ☐ Kyllä ☐ En

Appendix 6: Customer survey questions in English

Note: The grading question has been omitted as it was presented in full in the customer analysis.

PART 1: CUSTOMER AND PROCUREMENT PROCESS

1. Position/job description of the respondent in the company:

2. Are you involved in your company's IT procurement process?

- ☐ Yes ☐ No

3. If you are what are your tasks in the process?

4. How many people in general take part in your company's IT procurement process?

- ☐ 1-2 ☐ 3-5 ☐ 6+

5. Can you name some of the job titles/tasks of the people taking part in your company's IT procurement process?

6. Is your company a customer of systems maintenance, software solutions, or both at Company X?
7. How long has your company been a customer of Company X?

PART 2: VISIBILITY

8. Was the name of Company X familiar to you before the company contacted you?

Yes No

9. How did you find out about Company X?

- ☐ Internet search related to procurement process
- ☐ Internet search not related to procurement process
- ☐ Company X contacted me by phone
- ☐ Company X contacted me by e-mail
- ☐ Third-party recommendation
- ☐ Other, what?

10. Are you aware of other companies that are using Company X's services?

☐ Yes ☐ No

11. If YES, did the knowledge affect your decision to procure services from Company X?

☐ Yes ☐ No

PART 3: MARKETING, COMPETITORS

12. What three (3) adjectives in your opinion describe Company X as a company?

13. What is your opinion of the Company X website?

14. What IT/software company's web marketing has impressed you?

15. How do you suggest Company X should improve their website?

16. What attributes do you consider when choosing providers for you company's software solutions or systems management services?

17. Were all those attributes present in Company X? If not, what attributes were not present?

☐ All attributes present ☐ All attributes not present

18. What type of marketing have other software companies approached you with?

- ☐ Direct contact by phone
- ☐ Direct contact by e-mail
- ☐ Offer letter
- ☐ Other, what?

19. In addition to Company X, what other Finnish companies or companies operating in Finland do you know that offer software solutions and/or systems maintenance services?

20. Where have you come in contact with these companies?

- ☐ Internet search
- ☐ Internet advertising
- ☐ Company contacted me by phone/e-mail
- ☐ Print advertising
- ☐ Other, what?

21. What companies operating in Finland would you consider to be Company X's biggest competitors regarding the services your company buys from Company X?

23. Would you recommend Company X to other companies/company staff?

☐ Yes ☐ No